SUCCESSFULWOMEN

TIMELY INVESTMENT AND FINANCIAL PLANNING TOPICS

Double the inheritance, double the planning

Women may be in for double the planning when it comes to managing windfalls.

Inheritances are a blessing that can relieve old debts while opening doors you didn't know existed. However, as fortuitous as an influx of wealth can be, the emotional and administrative complexities that often come along with sudden wealth can be overwhelming.

Did you know that roughly 80% of women outlive their husbands, according to the U.S. Census Bureau? Considering women are also expected to inherit $28.7 trillion in intergenerational wealth over the next 40 years, it seems likely that many married women may receive not one, but two inheritances in their lifetime – from their parents as well as their husbands. So what exactly does this mean for your life and future?

Sudden wealth, especially as a result of a loss, can add a host of complicated feelings to an already difficult time. Fortunately, you don't have to navigate the complexities alone. Whatever events your life may have in store, your advisor can help you factor in practicalities and prepare for what lies ahead.

PLAN NOW, BREATHE EASIER LATER

Many women are already playing a proactive role in their household's finances. Research from RBC Wealth Management found that 98% of women are joint or sole family banking decision-makers, while 84% take joint or full responsibility for family investments. Still, receiving an inheritance from a spouse could mean that for the first time some women have to make financial decisions all on their own.

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Double the inheritance, double the planning (cont.)

Fortunately, you and your spouse can plan proactively and mitigate some of the stress either of you could experience in such an event by putting together a survivor's plan. Work with your financial advisor to discuss what should happen in the event that either of you becomes the sole bearer of your household's wealth. Be sure there are no gaps in your long-term wealth strategy that could create complications, such as a shortage of liquidity. As always, don't forget to periodically make sure the details in your estate planning documents are up to date, particularly your beneficiaries.

A survey found that only 14% of widows were making solo decisions about their wealth before their spouse died.

NO SUDDEN MOVEMENTS

If and when you do receive an inheritance, there are several factors to keep in mind as you go about incorporating it into your life and financial plan. For starters, don't rush to make any decisions. A significant wealth event not only comes with strong emotions but can trigger requests for loans from friends or family or a deluge of unsolicited advice from the well-intentioned. You may even find yourself with an intense urge to give or spend it all at once. Not so fast.

Rather than immediately going down any of those avenues, set a holding period for yourself – perhaps six or 12 months – before you decide what next move feels best for you. Take this time to think about what's most important to you and how your new assets might support those goals, whether they involve your career, your family or your community. If you don't have one already, get a team of professionals in place, including an estate attorney and CPA, as they can work in accord with you and your financial advisor to help ensure all your wealth and life management details are accounted for.

Many women view money as a way to care for themselves and their families. You might see an inheritance as an opportunity to set aside funds for a child's or grandchild's education or as a means to help ensure your family's financial confidence. As you think about your goals for your wealth, don't forget to take your own longevity into account. Not only do women generally live longer than men, but people are leading longer lives in general, making it an important consideration as you update your financial plan.

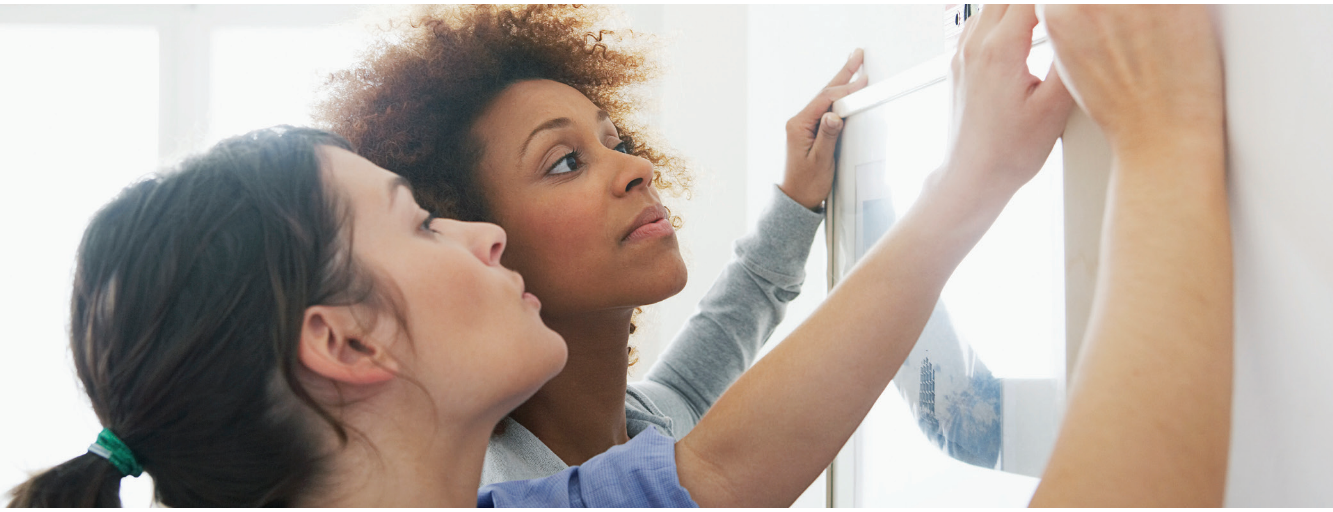
Beyond planning for your longevity, your professional advisors can help you manage the other nuances of significant wealth, as well. For example, while some liquidity can be useful, too much idle cash can be vulnerable to depreciation instead of being thoughtfully invested. Further, your advisor and CPA can work together to implement tax-efficient strategies to help preserve your wealth for you and your family.

Whatever life or wealth events might come up, don't forget that in this situation and countless others, your advisor can serve as a knowledgeable sounding board as you explore your options and prioritize goals. ■

NEXT STEPS

- If you don't have one already, schedule an appointment with your advisor to set up a survivor's plan.
- When's the last time you updated your beneficiaries? Now might be the perfect time for a review.
- If you don't have a CPA or attorney, ask your financial advisor to refer you to someone they trust.

Sources: FINRA, Merrill Lynch, Age Wave, Forbes, RBC Wealth Management, CNBC, Fidelity The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee that it is accurate or complete. Raymond James and its advisors do not offer tax or legal advice. You should discuss any tax or legal matters with the appropriate professional.



Risk averse – or just aware?

Countless studies show that women aren't as afraid of investment risk as many seem to think.

There's a myth that's been circulating for some time that, when it comes to investing, women are generally risk averse – and more so than their male counterparts. However, when you dig a little deeper, it seems this idea is more fiction than fact.

Bloomberg recently reported some interesting findings from Riskalyze that show women actually fall pretty evenly across the risk spectrum. From a sampling of 5 million users over the past five years, just 37% of women have a below-average tolerance for risk, 25% have an average tolerance, and 38% have an above-average tolerance. From this data, it seems just as likely for a woman to be risk averse as it is for her to be risk tolerant.

What's more is that when looking at the actual investment behavior of men and women, it's even harder to see a difference in their choices. Stash, an investing app, found that men and women dedicate roughly the same percentage of their portfolios to stocks – which can be considered a riskier investment.

This is again confirmed by a 2012 meta-analysis of more than 25 economic studies on the risk tolerance of men and women. Researchers found that the difference between the two genders was negligible. In fact, they concluded that the perception of women as cautious investors "appears to perhaps be rooted more in confirmation bias than in reality."

Of course, we do know that there are some proven distinctions between men and women as investors – namely that women are actually more successful. A study by the University of California at Davis discovered that men traded more often and had worse returns as a result. Women, on the other hand, are more likely to play a longer game, which has been proven to pay off.

All these things considered, it seems that women are not so much risk averse as they are risk aware – a valuable quality to have on your side. After all, the more aware we are of the risk involved in our investments, the more thoughtful we can be when managing our financial plans. Better still, being risk aware can help to steady us in time of turmoil where we might be tempted to give into emotion and make a hasty buy or sell.

Whether it's a confirmation bias that has us thinking women are cautious investors, or an overconfidence bias that can lead one to believe they can time the market, we should all be diligent in checking our biases and keeping our emotions from driving our behavior in a negative direction.

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Fortunately, your financial advisor is there to act as a guidepost and help keep you on track to reach your financial goals, both in calm and turbulent markets. They can also offer some clarity as to how your risk tolerance and awareness add up. ■

NEXT STEPS

- Set aside some time with your financial advisor to assess your risk tolerance and how it aligns with your financial plan.
- Take our Behavioral Finance Quiz to see which biases you might be prone to, raymondjames.com/mind-matters.

Why 'bring your child to work day' is so important

When you bring a child to work, you introduce them to a whole new world – and a new side of you.

It's likely that when you were young, you didn't hear quite as many stories of women excelling as professionals or in careers traditionally held by men. But whether in investment banking, education, medicine or business management, we know women are capable of leading and thriving in an array of professions and roles.

That idea is exactly what members of the Ms. Foundation for Women set out to reinforce when they began the Take Our Daughters to Work Day in the early 1990s, which was later updated to Take Our Daughters and Sons to Work Day. They hoped that by introducing children to different professional environments, they might ignite in them new dreams and confidence. Since they began the event, which takes place on the fourth Thursday of April, it's grown to include more than 3.5 million workplaces and 37 million working adults.

More than 20 years after the first Take our Daughters to Work Day, it's still as important as ever to share this view into the professional world with our children. As a parent, bringing your child to work gives them a chance to see you in a different light – away from the meal prepping, school pickups or whatever minutiae might fill your time outside the office. A day at the office gives them a chance to visualize this part of your life and ask questions about it.

Bringing kids to work is also an incredible learning experience for them. While they might not understand all the nuances of your job, they'll get a chance to see your skills in action as you communicate with co-workers, delegate and practice time management. Plus, it reinforces the importance of getting an education and working hard in school – so they can pursue their own professional aspirations.

Of course, you don't need to bring your own child to participate in Take Our Daughters and Sons to Work Day. If you don't have children or yours are grown, what about your neighbor's kid? Or your niece, nephew or grandchild? Even if they've visited their own parents' place of work, having them tag along with you for a day could show them a whole new world they haven't seen before.

Whether you plan to observe the event on its official day in April, or simply decide a random Thursday is a perfect day for an extra co-worker, bringing your child to work is an excellent opportunity to help inspire the children in our lives to pursue the career of their dreams. ■

NEXT STEPS

- Talk to your employer or co-worker about what's been done in the past for Take Our Daughters and Sons to Work Day. Offer suggestions to help make the event even more pertinent to the next generation.
- Give your child a heads-up as to what they can expect, and what you might expect from them.
- Want to show your child a financial advisor's office? You know where to find one!

Sources: Forbes, Inc., Romper, The Balance, Time